

# COVER TENNESSEE

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An Update from the office of Governor Phil Bredesen

October 6, 2006

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## STATE ISSUES REQUEST FOR PROPOSALS FOR COVERTN PLAN ADMINISTRATOR

The Division of Insurance Administration in the Department of Finance & Administration has issued the Request for Proposals (RFP) for an insurance plan administrator for CoverTN, the cornerstone of Governor Bredesen's Cover Tennessee initiative. CoverTN is an affordable and portable health insurance plan that is intended to help small business in Tennessee get basic health coverage for their employees. At least two plans will be offered to give participants a choice.

"CoverTN represents an opportunity for many working Tennesseans who are going without health insurance," said Governor Phil Bredesen. "This is not only important for these Tennesseans, but also for the growth of small businesses in our state. I am very pleased that we are taking this important step in the process."

CoverTN is a partnership between the state, employers and their employees to create guaranteed, affordable, portable, basic health coverage for uninsured, working Tennesseans. The RFP designates parameters for benefit plans, but does not define the benefit package. Proposals are due November 27, 2006 for a projected contract start date of January 15, 2007.

"The competitive procurement for this plan will ultimately define the benefits we are able to offer under CoverTN, so this RFP is very important step in bringing this product to market," said Dave Goetz, Commissioner of the Department of Finance & Administration. "This is a different kind of animal for the health insurance world...it is a defined contribution health plan, not a defined benefit plan. The market will come back and tell us what is possible for the amount of money Tennesseans are putting into this program. The competitive procurement will ensure that our contribution buys the most for the money."

The RFP stipulates that plans must include several categories of benefits with maximum co-payments including hospital inpatient and outpatient services, outpatient behavioral health, physician services,

pharmacy, ambulance, urgent care, radiology and pathology. (Complete minimum requirements are specified in Attachment 6.4, Part B, pages 92-94.) Plans need not include maternity since that coverage will be available under another program in the Cover Tennessee initiative, CoverKids.

CoverTN premiums are estimated at an average of \$150 per month but will vary based on age, tobacco use and BMI. The state and a participating employer will each contribute 1/3 of the premium amount and the covered employee will pay the final 1/3.

At launch, CoverTN will be available only to employees of qualified small businesses (25 or fewer employees) and sole proprietors, but in Phase 2 the State will expand eligibility to companies of up to 50 employees and to individuals who work for non-participating employers. CoverTN is a voluntary program for qualified employers who want to participate. Coverage will also be available for spouses of CoverTN plan participants.

Initial plan eligibility is open to employers that:

- Are located in Tennessee
- Have 25 or fewer full time equivalent employees
- Offer the plan to all employees
- Have at least half of the workforce earning \$41,000 or less
- Have not offered health insurance to employees for at least 6 months, or if health insurance was offered within the last 6 months, the employer has paid less than 50% of the premiums

Interested employers may pre-qualify to offer CoverTN at [www.CoverTN.gov](http://www.CoverTN.gov). A company that has pre-qualified will receive enrollment materials as soon as they are available, but will not be obligated to participate based on the pre-qualification.

Portability means that the individual will own this policy and can maintain the coverage if they leave the participating employer. Self-employed individuals, CoverTN plan participants who have left their participating employer, and spouses will receive the state's 1/3 premium contribution, but will have to pay the other 2/3.

Enrollment is expected to begin within the first

quarter of 2007. Information on all Cover Tennessee programs is available at [www.CoverTN.gov](http://www.CoverTN.gov). Tennesseans are encouraged to sign up for updates at [www.CoverTN.gov](http://www.CoverTN.gov) or by calling 1-866-COVERTN to be certain to receive more information as it becomes available.

The RFP may be found at <http://www.state.tn.us/finance/rds/ocr/rfp.html>.

## Proposed Benefit Package for Children Enrolled in CoverKids

*As submitted to CMS September 6, 2006*

| BENEFIT  | FAMILY INCOME BETWEEN<br>150-250% FPL  | FAMILY INCOME<br>AT OR BELOW 150% FPL   |
|--|--|---|
| Annual Deductible  | None   | None  |
| Pre-existing Condition Requirement   | None   | None  |
| Physician Office Visit   | \$15 co-pay PCP; \$20 co-pay specialist  | \$5 co-pay PCP or specialist  |
| Hospital Care  | \$100 per admission<br>(waived if readmitted within<br>48 hours for same episode)                              | \$5 per admission<br>(waived if readmitted within<br>48 hours for same episode)                               |
| Prescription Drug<br>Coinsurance/Copay                                     | \$5 generic; \$20 preferred brand;<br>\$40 non-preferred brand   | \$1 generic; \$3 preferred brand;<br>\$5 non-preferred brand  |
| Maternity  | \$15 co-pay OB, first visit only; \$20 co-pay<br>specialist; \$100 hospital admission                          | \$5 co-pay OB or specialist, first visit only; \$5<br>hospital admission                                      |
| Routine Health Assessment and<br>Immunizations – Child                     | No co-pays for services rendered under American<br>Academy of Pediatrics guidelines                            | No co-pays for services rendered under<br>American Academy of Pediatrics guidelines                           |
| Emergency Room   | \$50 co-pay per use<br>(waived if admitted)  | \$5 co-pay per use in case of an emergency<br>(waived if admitted);<br>\$10 co-pay per use for non-emergency  |
| Chiropractic Care  | \$15 co-pay; Maintenance visits not covered when<br>no additional progress is apparent or expected to<br>occur | \$5 co-pay; Maintenance visits not covered<br>when no additional progress is apparent or<br>expected to occur |
| Ambulance Service – Air & Ground   | No co-pay<br>100% of reasonable charges when deemed<br>medically necessary by claims administrator             | No co-pay<br>100% of reasonable charges when deemed<br>medically necessary by claims administrator            |
| Lab and X-ray  | No co-pay<br>100% benefit  | No co-pay<br>100% benefit   |
| Physical, Speech & Occupational<br>Therapy                                 | \$15 co-pay per visit;<br>Limited to 52 visits per year per condition  | \$5 co-pay per visit;<br>Limited to 52 visits per year per condition  |
| Mental Health Inpatient<br>(preauthorization required)                     | \$100 co-pay per admission;<br>Limited to 30 days per year   | \$5 co-pay per admission;<br>Limited to 30 days per year  |
| Substance Abuse Inpatient<br>(preauthorization required)                   | \$100 co-pay per admission;<br>Limited to two 5-day detox stays per lifetime;<br>plus one 28-day lifetime stay | \$5 co-pay per admission;<br>Limited to two 5-day detox stays per lifetime;<br>plus one 28-day lifetime stay  |
| Mental Health/Substance Abuse<br>Outpatient<br>(preauthorization required) | \$20 co-pay per session; Limited to 52 sessions<br>mental health and substance abuse combined                  | \$5 co-pay per session; Limited to 52 sessions<br>mental health and substance abuse combined                  |
| Annual Out-of-Pocket Maximums  | 5% of family income  | 5% of family income   |